



# PrivateMI

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## P E R S P E C T I V E

### Ohio Family Seeing Stars in New Home Thanks to PrivateMI and Low Down Payment

Susan and Bill Cloutier believed the time was right for them to buy a house in the Columbus, Ohio, suburb where they had been renting for five years. They liked the community, loved the local schools and were optimistic that low interest rates would allow them to find a place they could afford.

The biggest concern for the couple and their 7-year-old daughter was coming up with enough of a down payment. They had saved some money over the years, but they did not have enough for the 20 percent down payment typically required for home mortgage loans. Meanwhile, housing prices were going up and competition was stiff for homes in the popular suburban neighborhood.

However, when they found the house they wanted, the Cloutiers were able to get the home with a low down payment because of private mortgage insurance (PrivateMI) from GE Mortgage Insurance.

"It was nice that we didn't need to put down 20 percent because we never would have been able to save that much," said Susan Cloutier. "We put down about 6 percent and financed the rest, thanks to PrivateMI.

"We were happy to get a house that was a little more expensive that had everything we wanted," she added. "Now we won't need to move again to a bigger – and more expensive – house in a few years."

The family first moved to the Columbus area five years ago from Washington, DC, when Susan accepted a job with the state of Ohio. Because they did not



The Cloutiers enjoy their new home, thanks to PrivateMI.

know the area very well – and because they still owned a condo in the Washington suburbs – the family decided to rent a home.

They liked the community, with the library, city pool and elementary school for their daughter Jessica nearby, and it did not take long to drive to downtown Columbus. However, the small house had only two upstairs bedrooms and just a single bathroom. Then there were delays in getting

repairs for leaks and sewage backups in the older house.

Earlier this year, after they sold their condo back in the Washington suburbs and watched interest rates continue to fall, the family decided it was time to purchase their own house.

"We had several reasons for wanting to buy a house," Susan Cloutier said. "We knew there were tax benefits, and (story continues on page 2)

### PrivateMI Helps Home Buyers Overcome the Down Payment Hurdle

At a time when historically low interest rates are bringing homeownership within reach for more Americans, private mortgage insurance (PrivateMI) can help prospective buyers overcome the down payment hurdle.

Some of the lowest interest rates in years have meant lower monthly mortgage payments. Yet, the low interest rates do not address the need for families to come up with a down payment, which is one of the major barriers to buying a home. Typically, a down payment equal to 20 percent of the purchase price is required; an amount that is difficult for many families to acquire.

With PrivateMI, families can purchase a home with as little as 3 percent down – and even less for qualified borrowers.

"PrivateMI allows home buyers to purchase a home sooner and for less money down, opening the door of homeownership to more families,"

said Suzanne C. Hutchinson, Executive Vice President of the Mortgage Insurance Companies of America (MICA).

In addition, PrivateMI companies have a number of programs that help prospective first-time buyers who might want to take advantage of the lower interest rates.

For example, PMI Mortgage Insurance Co.'s Gateway initiative, a revolving loan fund partnership with local nonprofit groups, has created opportunities for low- and moderate-income families to buy homes in several cities, including Oakland, Houston, San Antonio and East Los Angeles. The initiative also works with Native American tribes.

The latest effort in this initiative helped acquire, save and rehabilitate an historical Chicago bungalow in cooperation with the Greater Southwest Development Corporation and its partnership with the Historic Chicago Bungalow Initiative.

"Nothing is more a part of the American dream than homeownership," said Roger Haughton, Chairman (story continues on page 4)

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## PrivateMI's Benefits Touted at African American and Hispanic Conferences

Attendees at several national African American and Hispanic conferences are learning how private mortgage insurance (PrivateMI) can help members of their communities buy a home sooner and with less money down.

The outreach effort is helping African Americans and Hispanics improve their understanding of PrivateMI and its role in achieving and increasing homeownership.

"While homeownership in the U.S. is at a record high, homeownership rates for African American and Hispanic families are far below the nearly 68 percent enjoyed by the overall population," said Suzanne C. Hutchinson, Executive Vice President of the Mortgage Insurance Companies of America (MICA). "We want to reach out to these communities and let families know that with PrivateMI, they can purchase their home sooner, for a lower down payment."

MICA took part in the annual national conferences of the National Association for the Advancement of Colored People (NAACP), National Council of La Raza, National Urban League and National Association of Real Estate Brokers (NAREB) in July and August. MICA also had exhibits for fall conferences of the Congressional Black Caucus Foundation (CBCF) and the United States Hispanic Chamber of Commerce.

Many of these conferences included an expo or homeownership fair where MICA representatives set up a booth, distributed materials and responded to inquiries from attendees. Materials that were handed out at the conferences included copies of MICA's newsletter, *PrivateMI Perspective*, which featured stories about African American and Hispanic families who were able to buy a home sooner with

less money down, thanks to PrivateMI. Other materials provided to conference attendees included MICA's consumer brochure, *A Consumer Guide to Private Mortgage Insurance*, and information supplied by MICA member companies about homeownership and pre-purchase counseling. A fact sheet on the benefits of PrivateMI over "piggyback" loans was also given out at the NAREB and CBCF conferences.

During a Homeownership Fair at the National Council of La Raza's Annual Conference and Latino Expo USA in Miami, fair attendees were able to navigate the Spanish version of the PrivateMI industry's Web site, [www.PrivateMI.com/enEspanol](http://www.PrivateMI.com/enEspanol), at MICA's booth. Attendees also filled out a short voluntary survey in order to be entered into a raffle for a Home Depot gift certificate.

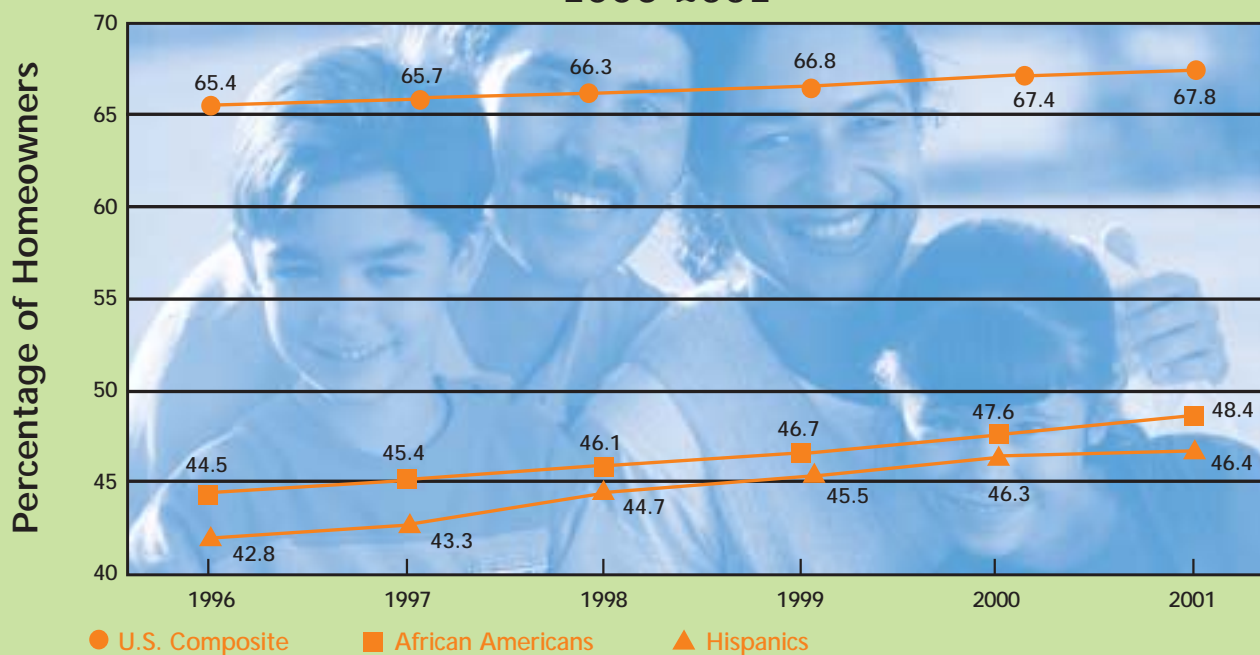
At the National Urban League Conference in Los Angeles and the NAACP Convention in Houston, MICA representatives distributed materials to attendees. Conference attendees were interested in learning how PrivateMI enables them to get into a home with down payments of 3 percent or less, which is far below the 20 percent down payment typically required for conventional loans. Many people who visited MICA's booth felt that they could never become a homeowner, but they became excited about the possibilities upon discovering PrivateMI.

MICA also had a booth at the 55th Annual Convention of the National Association of Real Estate Brokers, the national trade association for the nation's minority professionals in the

real estate industry. MICA reached out to real estate professionals through the expo at this Atlanta conference. Many real estate professionals welcomed the information provided because while they were aware of PrivateMI, they did not fully understand how it could help their clients.

"Real estate agents and mortgage brokers are key gateways to home financing information for home buyers and should be armed with as much information as possible about the options that are available," Hutchinson stated. "MICA believes it is important to reach out to real estate professionals and provide them the information they need to best serve their clients about all available financing options, including PrivateMI." 🏠

### GAP IN HOMEOWNERSHIP RATES 1996-2001



Source: U.S. Census and *The State of the Nation's Housing 2002* from the Joint Center for Housing Studies of Harvard University

## ...Ohio Family Seeing Stars

(continued from page 1)

we wanted a house that was a better fit for our family – better layout, better use of space, well cared for, and two bathrooms. We also wanted something we could call our own."

After looking at homes for several months, the Cloutiers happened to drive by a house that was for sale on a nearby street this past spring.

"We all fell in love with it as soon as we walked through it. It was well maintained by a retired couple. In fact, they

had advertised the house as being owned by Mr. and Mrs. Clean!" Susan recalled. "The care that the owners had given to this house and their attention to little details showed throughout the house. The house was nicely decorated, had plenty of closets and a great deal of storage space."

They were also drawn to the beautifully landscaped yard with more than 15 birdhouses and a patio. An added benefit is that Jessica continues to go to the same school, the same pool, and the same local library.

"This house had something for everyone and it fit all our ideas of what we were looking for," said Bill Cloutier, who works as a manager for a retail company. "It has a landscaped yard and a garage for me, a spacious kitchen and lots of closets for Susan, a playroom for Jessica and two bathrooms for all of us."

And the family is already planning to make some changes they would never have been able to do to a rental home.

"Since it is our house, we don't need to worry about whether our rent will be raised or that if we make changes, then we won't get our security deposit back," Susan said. "Jessica wants the theme of her room to be stars, and Bill is planning to paint the ceiling of the window dormer dark blue and put in glow-in-the-dark stars and planets. She is using that area as a snugly reading area with her bookcase and her planet-and-stars rug and pillows."

"As you can tell," Bill said, "we love owning this house." 🏠

## PrivateMI Issue Focus

### What is the most important action a family can take to get ready to buy a home, and why?



#### Triad Guaranty Insurance Corp.

"Buying a home is arguably the most significant financial decision that a family makes. The recognition of and commitment to the long-term aspects of homeownership is one of the most important parts of the decision.

"It is equally essential that attention be paid to ensuring your credit is in the best possible shape. You should get copies of your credit report and check to make sure they are right. If not, correct inaccurate information as soon as possible. Make sure you are paying your bills on time and controlling your overall level of debt. These factors all contribute to a better credit score.

"A consultation with a loan officer will get your questions answered and help them offer you the best mortgage for your needs and circumstances."

– Darryl Thompson, President & Chief Executive Officer



#### Mortgage Guaranty Insurance Corp.

"When it comes to buying a first home, a prospective borrower's primary focus should be making sure their credit profile is accurate.

"For borrowers with impaired credit, the time should be taken to repair and improve their credit profile. Every year, thousands of families with impaired credit rush into homeownership, obtaining higher-interest-rate mortgages, instead of taking the time to repair credit before applying for a home loan. By working with a qualified credit counselor either one-on-one or in a classroom setting, a borrower has the potential to repair and improve their credit and, consequently, qualify for a lower-interest-rate mortgage.

"This is the intelligent approach for two reasons. First, good credit management skills combined with lower

monthly housing payments greatly reduce the likelihood of default and potential foreclosure. Secondly, a lower monthly housing payment means more cash for home improvements, monthly living expenses and savings."

– John Schroeder, Vice President - Credit Policy



#### Republic Mortgage Insurance Co.

"Families should develop a personalized budget. This gives families an understanding of their current monthly income and expenses and can be used to determine what they will be comfortable paying monthly for a house. It creates an educated home buyer who can better avoid unnecessary financial setbacks once their new – more than likely higher – house payments start.

"The budget also allows families to determine an appropriate price range for a new home and, prior to house hunting, it provides the opportunity to proactively identify and address unnecessary or excessive expenses that should be modified.

"It's never too early to start budgeting. Working with lenders and other partners, RMIC has donated nearly 275,000 of its 'Chuck Taylor' textbooks and instructor guides as the basis of a curriculum to teach the fundamentals of financial literacy to junior high school students across the country."

– Lou Garner, Operations Support Group Manager



#### PMI Mortgage Insurance Co.

"The most important action a family can take to get ready to buy a home is to safeguard their credit history the way they safeguard their reputation.

"When you apply for a mortgage, your lender wants to know that you honor your financial obligations and

know how to manage credit. The way a lender verifies your financial reputation is through a credit report.

"So make your payments on time and in the correct amount. By doing that, you will gain the reputation of a responsible person that honors their financial obligations. Lenders will view you as a very creditworthy borrower, which will greatly facilitate your getting a mortgage. And that mortgage will allow you to realize your dream of homeownership."

– Roger Haughton, Chairman and Chief Executive Officer



#### GE Mortgage Insurance

#### GE Mortgage Insurance

"Buying a home of your own can be the realization of the American dream, but many potential homeowners see the process as both complex and mysterious. By educating themselves about the basics before they start looking for a home, consumers can help make sure that they get the best deal on a house they can afford.

"They should start by analyzing their financial position, understanding their credit and determining how much they can afford to pay for their home. They should also learn about the many programs available to help make their dream home a reality, as well as familiarizing themselves with the mortgage process from application through approval.

"That's why we launched our [www.gehomebuyerresources.com](http://www.gehomebuyerresources.com) Web site in both English and Spanish. It's a comprehensive resource on the home-buying and mortgage processes that will enable consumers to make good decisions about what is often their largest single asset."

– Mark Goldhaber, Vice President, Affordable Housing & Government Business Development



#### Radian Guaranty Inc.

"Purchasing a home is the single largest investment most American

families make. As with most important decisions, thorough research is essential. Not only will it help determine whether homeownership is right for you, but it also yields information about the best mortgage products and pricing, and what to expect at closing.

"A home buyer's research should start with a review of his or her finances to determine how much of a home they can realistically afford. Aspiring homeowners can receive guidance on many aspects of the home-buying process in home buyer education classes, available through most mortgage lenders.

"Learning what to look for in a home and community, and being prepared for the responsibility of a mortgage are ways to maximize your investment in a new home."

– Roy J. Kasmar, President and Chief Operating Officer



#### United Guaranty Corp.

"To avoid delays in the mortgage loan process, borrowers should be ready to provide everything required to underwrite and close the loan. Bringing current, legible statements and other documents necessary to validate income, bank holdings, stock ownership, IRAs, and 401(k) accounts can really expedite the process.

"At least three months before they visit their lender, home buyers should save originals of quarterly statements for all assets, savings accounts and bank accounts. The lender may also require originals of pay stubs (most recent 30-day period) and two years' original W-2 forms for all borrowers whose income is used to qualify.

"Documentation requirements may vary from lender to lender, so it's important for borrowers to check with their lender well ahead of time for a complete checklist."

– Len Sweeney, Vice President, Credit Policy & Insurance Operations

## ...Overcome the Down Payment Hurdle

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and CEO of PMI, which is based in Walnut Creek, California. "By helping to make it possible for local residents to fulfill their dreams to own their own homes, we are doing the right thing for the community, and the right thing for our company."

"This partnership saved a house, a homeowner, and is allowing a first-time homeowner to move into an historical Chicago bungalow, situated on the first national 'Green Bungalow Model Block,'" said Donna Stites, First Deputy Director of the Greater Southwest Development Corporation.

Citibank, which owned the home, sold the property to Greater Southwest below market price and interest free, while saving the previous homeowner from foreclosure. PMI's \$150,000 contribution is being used to rehabilitate the property. Once the property is sold, the capital from the sale will be reinvested in either purchasing and/or rehabilitating another decaying house in the neighborhood. That house then will be sold to a low- or moderate-income, first-time home buyer.

"When PMI can help put a good, qualified family into a situation where they become homeowners for

the first time, it pays immediate dividends," said Haughton. "This deserving family strengthens its new neighborhood, which in turn, creates a stronger community. We're improving neighborhoods like Chicago Lawn, making them a better place to live."

Other PrivateMI companies also have partnerships with community groups or credit counseling organizations to help people be prepared financially to buy a home.

For example, Milwaukee-based Mortgage Guaranty Insurance Corp.

Carolina, has teamed with American Family Funds (AFF), the administrator of the Dove Foundation's Down Payment Gift Program, to provide home-buying assistance to qualified borrowers. Buyers in the program can receive a gift from AFF for up to 3 percent of the purchase price for closing costs or a down payment.

While owning a home remains a primary goal for many renters – indeed research confirms that homeownership is a key component of the American dream along with good health, a good education and a good job – PrivateMI companies

detailed guide to help prospective buyers review the pros and cons of renting and buying.

In addition, United Guaranty Corporation, which is headquartered in Greensboro, North Carolina, has produced an overview of the home-buying process that includes sections on ways to assess whether to buy a home or continue to rent. The company's Road to Home Ownership® participant's manual, which has been printed in several languages, also helps prospective buyers analyze their finances to determine how much their family can afford, and provides tips for selecting a home, the buying process and caring for the property.

Each family needs to determine what is best for its needs – personally and financially. Some families choose to rent because they want the flexibility to move more easily. Others decide to buy because they want to get a tax deduction for mortgage interest and property taxes when filling out income taxes.

"The decision to keep renting or to buy is an individual decision for each family to discuss and to make," Hutchinson said. "But for families who do decide they are ready to buy in this time of lower interest rates, PrivateMI can help them by allowing them to get into a home with a low down payment and begin enjoying the benefits of homeownership." 🏠

**"...For families who do decide they are ready to buy in this time of lower interest rates, PrivateMI can help them by allowing them to get into a home with a low down payment and begin enjoying the benefits of homeownership."**

— *Suzanne C. Hutchinson, MICA Executive Vice President*

(MGIC) works closely with HomeFree-USA, a Washington, DC, nonprofit organization that teaches people how to buy a home – and how to keep it. HomeFree-USA's programs help get a borrower ready for the responsibility of owning a home, even before talking to a loan officer or beginning to search for a home.

In addition, GE Mortgage Insurance, which is based in Raleigh, North

have programs and guides to help people decide whether this is the right time for them to buy.

For example, Radian Guaranty, based in Philadelphia, has a Homeownership Counseling Center that enables potential homeowners to better understand the home-buying process: what to expect before, during and after the purchase of a home. The company also has a

## NEWS IN BRIEF

**Mortgage Insurance Companies of America** – The Mortgage Insurance Companies of America (MICA) recently released the latest version of its annual fact book.

*The 2002-2003 Fact Book and Membership Directory* provides a comprehensive overview of the private mortgage insurance (PrivateMI) industry as well as key statistics. The publication explains what PrivateMI is and how it works to expand homeownership opportunities, and also outlines the industry's history, financial performance and outlook for growth.

The Fact Book is available at [www.micanews.com](http://www.micanews.com), the industry's

Web site for policymakers and the media.

**GE Mortgage Insurance** – GE Mortgage Insurance has teamed up with the Georgia Department of Community Affairs (DCA) to offer qualified Georgians the opportunity to finance up to 100 percent of the purchase price of their home on a conventional loan. GE insures DCA-financed mortgage loans.

The Home Buyer Program 100 Percent Loan allows first-time home buyers to purchase a home at a lower interest rate and take less money out of their pocket than with a traditional loan, resulting in a lower monthly mortgage payment

for qualified borrowers. More than 50 participating Georgia lenders offer the DCA mortgage programs.

"We're proud to be working with the Georgia Department of Community Affairs to help make this program possible," said Barbara Martin of GE Mortgage Insurance. "We're in the business of increasing homeownership, and this is an excellent example of how the public and private sectors can work together to provide new low-cost financing alternatives for potential home buyers."

"Through this relationship with GE, we'll be able to help more families achieve the American dream of homeownership in both metropolitan and

rural areas of Georgia," said DCA Commissioner Laura Meadows. "There are many people across the state who can now afford to make the greatest investment of their lives." 🏠

